

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 CIEP-01 FAA-00 AID-05 FRB-03

USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01

OMB-01 PA-01 PRS-01 L-03 SS-15 NSC-05 /080 W

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R 072028Z JAN 77

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8989

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E.O. 11652: N/A

TAGS: ECRE, BTIO, BF

SUBJ: POTENTIAL IMPACT OF 1976 US TAX BILL ON

BAHAMIAN CONVENTION BUSINESS

REF: A) NASSAU 1891 B) MEMCON DATED NOV. 4, 1976

1. BOTH LOCAL NEWSPAPERS COINCIDENTALLY CARRIED HEADLINE STORIES ON SECTION OF THE NEW US TAX BILL PERTAINING TO FOREIGN CONVENTIONS. ALTHOUGH THE PM WAS ASKED ABOUT THE NEW LAW ON NOVEMBER'S CONTACT PROGRAM, THESE ARE THE FIRST NEWSPAPER STORIES TO PLAY UP POSSIBLE NEGATIVE EFFECT ON BAHAMIAN TOURIST INDUSTRY. TIMING OF ARTICLES IS RELATED ONLY TO FACT THAT LEGISLATION BECAME EFFECTIVE JAN. 1 AND NOT TO ANY NEW PRONOUNCEMENT BY GCOB.

2. THE TRIBUNE ARTICLE DATED JAN. 5 QUOTED THE NEW TOURISM DIRECTOR, DAN WALLACE, AS DESCRIBING THE LEGISLATION AS "UNFORTUNATE AND UNFRIENDLY." THE ARTICLE ALSO STATED THAT MINISTER OF TOURISM MAYNARD TOLD AN AMERICAN JOURNALIST (FRANK GREVES OF THE MIAMI HERALD) THAT THE GCOB WAS RETHINKING THE BUILDING OF THE CONVENTION CASINO COMPLEX AT CABLE BEACH BECAUSE OF THE US LEGISLATION.

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EM THE GUARDIAN ARTICLE DATED JAN. 6 CARRIED AN INTERVIEW WITH MINISTER MAYNARD AND QUOTED HIM AS SAYING THAT WHILE IT IS TOO SOON TO DISCUSS HOW MUCH THE BAHAMAS WILL BE AFFECTED BY THE LEGISLATION IT MOST CERTAINLY WILL HAVE SOME IMPACT. MAYNARD STATED THAT HIS MINISTRY WAS WORKING ON WAYS TO SOLVE THE PROBLEM

AND IN THIS REGARD WILL BE "GETTING IN TOUCH WITH US AUTHORITIES AND THE POWERS THAT BE TO SEE HOW BEST IT CAN BE WORKED OUT SO AS NOT TO CREATE A SEVERE HARDSHIP FOR BAHAMIANS AND US PEOPLE IT WILL AFFECT." THE MINISTER WOULD NOT COMMENT ON POSSIBILITY OF GCOB SHELIVING CABLE BEACH CONVENTION COMPLEX BECAUSE OF LEGISLATION.

4. EMBASSY COMMENT: WHILE GCOB OFFICIALS AND HOTEL INDUSTRY ALL AGREE THAT LEGISLATION IS "UNFORTUNATE," NO ONE BUT WALLACE HAS EXPRESSED OPINION THAT IT WAS AN "UNFRIENDLY" ACT. THE PRIME MINISTER, IN FACT, DURING THE NOVEMBER'S CONTACT SCARCELY EXPRESSED ANY CONCERN AT ALL AND CERTAINLY GAVE NO INDICATION THAT HE BELIEVED IT DIRECTED SPECIFICALLY AT THE BAHAMAS.

5. MAYNARD DID TELL AMBASSADOR WEISS THAT THE NEW US TAX LEGISLATION COULD HAVE SOME BEARING ON WHETHER THE GCOB PROCEEDS WITH THE CONVENTION COMPLEX OR NOT. (SEE REFTTEL A FOR ADDITIONAL COMMENTS.) NO GCOB OFFICIAL HAS APPROACHED THE EMBASSY CONCERNING POSSIBLE MEETINGS WITH US AUTHORITIES ON THIS MATTER.
OLSON

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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